

CITY OF CORVALLIS

Investment Council

Treasury Report

October 2012

CITY OF CORVALLIS, OREGON
INVESTMENT COUNCIL
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OCTOBER 2012

Super Storm Sandy superseded both the elections and economic numbers as the major influence on the financial markets during October. After the storm, on 10/28, the stock exchange was closed due to weather for an unprecedented two days in a row. The bond market was closed half of Monday following the storm and all of Tuesday. All financial markets were reopened on the last day of the month, October 31. It was interesting to note that the financial markets functioned smoothly and liquidity remained at a high level even with the disruption on the East Coast. At the end of the month, yields rose throughout the yield curve.

Part of the increase in yields came about due to the stronger than anticipated unemployment numbers which were reported at the beginning of the month. Nonfarm payroll growth was close to expectations but the unemployment rate fell to its lowest level since early 2009. Market participants interpreted this as a signal that the economy has found its bottom and is poised to grow. The unemployment rate in September fell 0.3% to 7.8%. A reading of 8% was expected. Household employment rose 873,000. This was the largest increase since January 2003. The labor force increased 418,000. The labor force participation rate rose 0.1% to 63.6%. This is definitely good news, however much improvement in the labor market remains to be seen.

The Fed:

Treasury prices declined after the Fed did not promise more accommodation after the expiration of Operation Twist in December. However, the Fed did say it is committed to keeping monetary policy accommodative. “If the outlook for the labor market does not improve substantially, the Committee will continue its purchases of agency mortgage-backed securities, undertake additional asset purchases, and employ its other policy tools as appropriate until such improvement is achieved in a context of price stability.” In other words, if the Fed does not see self-sustainable economic growth, we will see more accommodation.

The FOMC left interest rates unchanged, as expected and reaffirmed that “exceptionally low” interest rates will remain through mid-2015. The Fed will buy \$40 billion each month in MBS with no end date and Operation Twist will continue until the end of the year. In their statement, the Fed said there are “significant downside risks” to the economy. Unemployment remains elevated. Consumer spending and housing has improved at a quicker pace although from depressed levels. Inflation expectations are stable despite the recent uptick in the levels due to rising energy prices.

Other Economic Data:

- Durable goods orders rose 9.9%. A gain of 7.5% was expected.
- The GDP rose 2.00%, somewhat above expectations due to a surge in the contribution from the Federal Government.
- Existing Home Sales were 4.683 million in the third quarter, the best since the second quarter of 2010.
- Retail Sales increased 1.1% after increasing 1.2% in August.

***CHANGES IN THE TREASURY MARKET OVER THE PAST QUARTER:**

	<u>08/31/12</u>	<u>09/30/12</u>	<u>10/31/12</u>	<u>Change Oct</u>
3-month bill	0.07	0.09	0.11	+0.02
6-month bill	0.13	0.13	0.16	+0.03
2-year note	0.22	0.23	0.28	+0.05
5-year note	0.59	0.63	0.72	+0.09
10-year note	1.55	1.63	1.69	+0.06

*Source: Bloomberg

Going Forward The last quarter of the calendar year is a good time to review and rebalance portfolios, particularly this year, after the election. We are getting portfolio durations close to, if not slightly longer than the durations of the benchmarks. We are using the post-election period to make sure portfolios are aligned with their benchmarks and fully invested for year end. This is a good time for portfolio review before the end of the calendar year and the end of quarter four.

Policy Compliance Report

(Market Values)

Overall Portfolio Structure

	Investment Strategy Range		Market Value	Neutral Allocation	Actual Allocation	Position
	Low	High				
Liquid Component	\$5,000,000.00	\$20,000,000.00	\$17,535,643.76	60.00%	57.2%	-2.79%
Investment Component (Core)	\$15,000,000.00	\$20,000,000.00	\$13,116,195.00	40.00%	42.8%	2.79%
Total			\$30,651,838.76			

	Policy Requirement	Actual Portfolio	Within Limits
Under 30 Days	> 10%	57%	Yes
Under 1 Year	> 25%	61%	Yes
Under 5 Years	100%	100%	Yes
WAM	< 1.5 Years	1.03	Yes

Asset Allocation Strategy

	Policy Maximum Allocation	Per Issuer Restriction	Current Portfolio Allocation	Market Value	Policy Maximum Maturity	Amount Available to Invest	Within Limits
US Treasuries	100%		0.00%	\$0.00	5 Years	\$30,651,838.76	Yes
Federal Agency and Agency Sponsored	100%	40%	42.79%	\$13,116,195.00	5 Years	\$17,535,643.76	Yes
CDs/ Bank Deposits/ Savings (OST Qualified Institutions)	25%	15%	3.85%	\$1,179,353.32		\$6,483,606.37	Yes
Bankers Acceptances	10%		0.00%	\$0.00		\$3,065,183.88	Yes
Commercial Paper (A-1/P-1)	10%	5%	0.00%	\$0.00	120 Days	\$3,065,183.88	Yes
State Obligations (OR,WA, AA or better)	10%	5%	0.00%	\$0.00	5 Years	\$3,065,183.88	Yes
State Pool	ORS Maximum or 100%		53.36%	\$16,356,290.44	N/A	\$28,117,873.56	Yes
Total			100.00%	\$30,651,838.76			

ORS Maximum \$44,474,164.00

Policy : August 2012

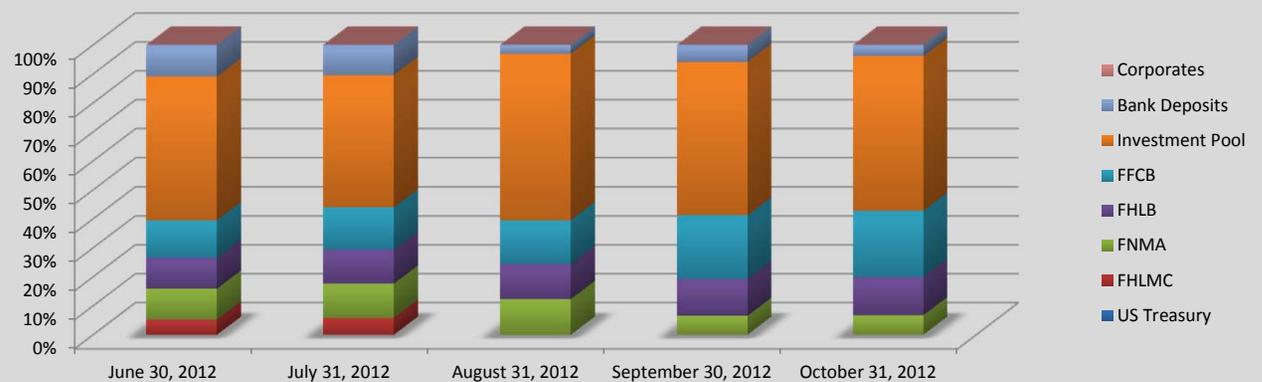
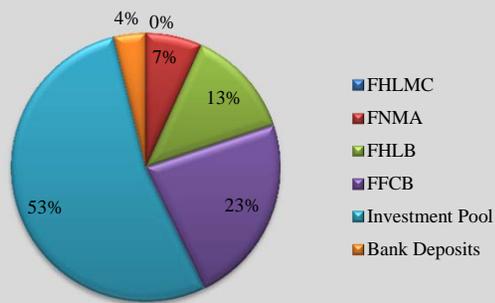
Total Asset Allocation Strategy
 (Market Values)

Commentary

There were no significant changes to the investment portfolio this month. The portfolio remains diversified between high quality issues and is well positioned in the targeted maturity structure.

Sector	Yield	June 30, 2012	July 31, 2012	August 31, 2012	September 30, 2012	October 31, 2012	Change From Last Month
US Treasury	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FHLMC	0.57%	\$2,000,498.00	\$2,000,094.00	\$0.00	\$0.00	\$0.00	\$0.00
FNMA	0.76%	\$4,072,890.00	\$4,081,450.00	\$4,081,246.00	\$2,073,114.00	\$2,069,740.00	(\$3,374.00)
FHLB	0.59%	\$4,039,458.00	\$4,040,023.00	\$4,038,475.00	\$4,036,091.00	\$4,032,486.00	(\$3,605.00)
FFCB	0.81%	\$5,002,433.00	\$5,012,354.00	\$5,016,113.00	\$7,017,618.00	\$7,013,969.00	(\$3,649.00)
Investment Pool	0.60%	\$18,931,461.47	\$15,758,660.68	\$19,090,136.01	\$16,894,555.41	\$16,356,290.44	(\$538,264.97)
Bank Deposits	0.53%	\$4,155,905.07	\$3,577,571.26	\$1,006,085.04	\$1,851,785.97	\$1,179,353.32	(\$672,432.65)
Corporates	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	0.63%	\$38,202,645.54	\$34,470,152.94	\$33,232,055.05	\$31,873,164.38	\$30,651,838.76	(\$1,221,325.62)

Current Sector Allocation





DETAIL AMORTIZATION COST RETURN
CITY OF CORVALLIS TOTAL
 From 09-30-12 to 10-31-12

CURRENT HOLDINGS	Interest Earned	Accretion (Amortization)	Realized Gain/Loss	Total Income
AGENCY BULLET	7,965.28	-3,149.51	0.00	4,815.76
AGENCY CALLABLE	3,056.94	350.06	0.00	3,407.01
CASH & EQUIVALENTS	248.29	0.00	0.00	248.29
OR STATE POOL	9,837.98	0.00	0.00	9,837.98
TOTAL	21,108.49	-2,799.45	0.00	18,309.04

SUMMARY OF AMORTIZED COST BASIS
RETURN FOR THE PERIOD
CITY OF CORVALLIS TOTAL
 September 30, 2012 to October 31, 2012

	Total Portfolio
Interest Earned	21,108.49
Accretion/Amortization	-2,799.45
Realized Gain/Loss on Sales	0.00
Total Income on Portfolio	18,309.04
Average Daily Historical Cost	31,868,894.65
Return	0.06%
Annualized Return	0.68%
Annualized Return Net of Fees	0.68%
Weighted Duration to Maturity in Years	1.02
Weighted Days to Maturity	377

CITY OF CORVALLIS TOTAL PORTFOLIO HOLDINGS

October 31, 2012

Security Symbol	Quantity	Security	Call Date	Pur Date	Amort Price	Book Yield	Market Price	Market Yield	Market Value	Accrued Interest	Total Value	Unrealized Gain/Loss	Pct. Assets	Dur Mat	Dur Call
AGENCY BULLET															
3133XXYX9	1,000,000	FEDERAL HOME LN BKS 1.875% Due 06-21-13		05-11-11	100.73	0.71	101.07	0.20	1,010,688.00	6,770.83	1,017,458.83	3,376.14	3.3	0.64	0.64
313371UC8	3,000,000	FEDERAL HOME LN BKS 0.875% Due 12-27-13		11-21-11	100.37	0.55	100.73	0.24	3,021,798.00	9,041.67	3,030,839.67	10,651.71	9.9	1.15	1.15
31398A4M1	2,000,000	FEDERAL NATL MTG ASSN 1.625% Due 10-26-15		01-13-12	102.39	0.81	103.49	0.45	2,069,740.00	451.39	2,070,191.39	21,846.89	6.8	2.92	2.92
3133EAUH9	2,000,000	FEDERAL FARM CR BKS CONS 0.750% Due 06-14-16		06-26-12	99.98	0.75	100.60	0.58	2,012,082.00	5,708.33	2,017,790.33	12,410.86	6.6	3.56	3.56
	8,000,000					0.69		0.37	8,114,308.00	21,972.22	8,136,280.22	48,285.60	26.5	2.14	2.14
AGENCY CALLABLE															
31331KT91	3,000,000	FEDERAL FARM CR BKS CONS 0.730% Due 11-21-14	11-21-12	11-21-11	99.76	0.85	100.03	0.72	3,000,801.00	9,733.33	3,010,534.33	8,005.48	9.8	2.03	0.06
3133EA2D9	2,000,000	FEDERAL FARM CR BKS CONS 0.680% Due 09-26-16	12-26-12	09-19-12	99.88	0.71	100.05	0.67	2,001,086.00	1,322.22	2,002,408.22	3,524.36	6.5	3.85	0.16
	5,000,000					0.79		0.70	5,001,887.00	11,055.56	5,012,942.56	11,529.83	16.3	2.76	0.10
CASH & EQUIVALENTS															
CASH	9,957	CASH 0.100% Due 11-01-12		08-31-12	1.00	0.10	1.00	0.10	9,957.00	0.00	9,957.00	0.00	0.0	0.00	0.00
CBANK3	1,169,396	Corvallis Wells Fargo 0.250% Due 11-01-12		09-30-12	1.00	0.25	1.00	0.25	1,169,396.32	0.00	1,169,396.32	0.00	3.8	0.00	0.00
	1,179,353					0.25		0.25	1,179,353.32	0.00	1,179,353.32	0.00	3.8	0.00	0.00
OR STATE POOL															
ORPOOL	14,356,290	OREGON STATE POOL 0.600% Due 11-01-12		08-31-12	1.00	0.60	1.00	0.60	14,356,290.44	0.00	14,356,290.44	0.00	46.8	0.00	0.00
ORPOOL	2,000,000	OREGON STATE POOL 0.600% Due 11-01-12		09-19-12	1.00	0.60	1.00	0.60	2,000,000.00	0.00	2,000,000.00	0.00	6.5	0.00	0.00
	16,356,290					0.60		0.60	16,356,290.44	0.00	16,356,290.44	0.00	53.4	0.00	0.00
TOTAL	30,535,644					0.64		0.54	30,651,838.76	33,027.78	30,684,866.54	59,815.44	100.0	1.02	0.58

*This information herein has been obtained from sources which we believe to be reliable, but do not guarantee its accuracy.

Special note: At this time AXYS does not correctly calculate book or market yields for variable rate, floating rate, or mortgage backed securities.



**CITY OF CORVALLIS TOTAL
 TRANSACTION SUMMARY**

From 10-01-12 To 10-31-12

Trade Date	Settle Date	Cusip	Quantity	Security	Call Date	Amount	Broker
Deposit							
10-31-12	10-31-12	manfee		Management Fee **		1,500.00	
Interest							
10-26-12	10-26-12	31398A4M1		FEDERAL NATL MTG ASSN 1.625% Due 10-26-15		16,250.00	
10-31-12	10-31-12	ORPOOL		OREGON STATE POOL 0.600% Due 11-01-12		986.30	
10-31-12	10-31-12	ORPOOL		OREGON STATE POOL 0.600% Due 11-01-12		7,865.38	
10-31-12	10-31-12	CBANK3		Corvallis Wells Fargo 0.250% Due 11-01-12		248.29	
						25,349.97	
Deliver out long							
10-26-12		cash		Cash Account		16,250.00	
Sell long							
10-31-12	10-31-12	CBANK3	672,433	Corvallis Wells Fargo 0.250% Due 11-01-12		672,432.65	
10-31-12	10-31-12	ORPOOL	538,265	OREGON STATE POOL 0.600% Due 11-01-12		538,264.97	
						1,210,697.62	

** Monthly allocation of the quarterly investment advisor fee from Davidson Fixed Income Management, Inc.



AMORTIZATION AND ACCRETION - SETTLED TRADES
CITY OF CORVALLIS TOTAL
 October 31, 2012

Purchase Information					Amortization/Accretion Information				
Quantity	Lot	Purchase Date	Price	Total Cost	Month To Date	Year To Date	Total To Date	Balance	Adjusted Cost
FNMA(Straight Line)									
FEDERAL NATL MTG ASSN 1.625% Due 10-26-15 (31398A4M1)									
2,000,000	1	01-13-12	103.028	2,060,564.00	-1,359.16	-12,670.89	-12,670.89	-47,893.11	2,047,893.11
FHLB(Straight Line)									
FEDERAL HOME LN BKS 0.875% Due 12-27-13 (313371UC8)									
3,000,000	1	11-21-11	100.674	3,020,223.00	-817.96	-8,047.66	-9,076.71	-11,146.29	3,011,146.29
FEDERAL HOME LN BKS 1.875% Due 06-21-13 (3133XXYX9)									
1,000,000	1	05-11-11	102.429	1,024,290.00	-980.12	-9,631.59	-16,978.14	-7,311.86	1,007,311.86
Total				4,044,513.00	-1,798.08	-17,679.25	-26,054.85	-18,458.15	4,018,458.15
FFCB(Straight Line)									
FEDERAL FARM CR BKS CONS 0.750% Due 06-14-16 (3133EAUH9)									
2,000,000	1	06-26-12	99.982	1,999,640.00	7.72	31.14	31.14	328.86	1,999,671.14
FFCB CALLABLE(Straight Line)									
FEDERAL FARM CR BKS CONS 0.730% Due 11-21-14 (31331KT91)									
3,000,000	1	11-21-11	99.650	2,989,500.00	296.98	2,921.90	3,295.52	7,204.48	2,992,795.52
FEDERAL FARM CR BKS CONS 0.680% Due 09-26-16 (3133EA2D9)									
2,000,000	1	09-19-12	99.875	1,997,500.00	53.08	61.64	61.64	2,438.36	1,997,561.64
Total				4,987,000.00	350.06	2,983.55	3,357.17	9,642.83	4,990,357.17
CASH(Straight Line)									
CASH 0.100% Due 11-01-12 (CASH)									
9,957	5	08-31-12	1.000	9,957.00	0.00	0.00	0.00	0.00	9,957.00
Corvallis Wells Fargo 0.250% Due 11-01-12 (CBANK3)									
1,169,396	4	09-30-12	1.000	1,169,396.32	0.00	0.00	0.00	0.00	1,169,396.32
Total				1,179,353.32	0.00	0.00	0.00	0.00	1,179,353.32

*This information herein has been obtained from sources which we believe to be reliable, but do not guarantee its accuracy.

Special Note: If a security matures or is sold between prior month end and this report it will not be included on this table. Please make adjustments as needed.

AMORTIZATION AND ACCRETION - SETTLED TRADES
CITY OF CORVALLIS TOTAL
 October 31, 2012

Purchase Information					Amortization/Accretion Information				
Quantity	Lot	Purchase Date	Price	Total Cost	Month To Date	Year To Date	Total To Date	Balance	Adjusted Cost
POOL(Straight Line)									
OREGON STATE POOL 0.600% Due 11-01-12 (ORPOOL)									
14,356,290	6	08-31-12	1.000	14,356,290.44	0.00	0.00	0.00	0.00	14,356,290.44
2,000,000	3	09-19-12	1.000	2,000,000.00	0.00	0.00	0.00	0.00	2,000,000.00
16,356,290				16,356,290.44	0.00	0.00	0.00	0.00	16,356,290.44
GRAND TOTAL				30,627,360.76	-2,799.45	-27,335.46	-35,337.44	-56,379.56	30,592,023.32

*This information herein has been obtained from sources which we believe to be reliable, but do not guarantee its accuracy.

Special Note: If a security matures or is sold between prior month end and this report it will not be included on this table. Please make adjustments as needed.



INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL
From 09-30-12 To 10-31-12

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Earned Interest	Ending Accrued Interest
AGENCY							
AGENCY BULLET							
FHLB							
3133XXYX9	FEDERAL HOME LN BKS 1.875% Due 06-21-13	5,156.25	0.00	0.00	0.00	1,614.58	6,770.83
313371UC8	FEDERAL HOME LN BKS 0.875% Due 12-27-13	6,781.25	0.00	0.00	0.00	2,260.42	9,041.67
		<u>11,937.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,875.00</u>	<u>15,812.50</u>
FNMA							
31398A4M1	FEDERAL NATL MTG ASSN 1.625% Due 10-26-15	13,902.78	0.00	0.00	-16,250.00	2,798.61	451.39
		<u>13,902.78</u>	<u>0.00</u>	<u>0.00</u>	<u>-16,250.00</u>	<u>2,798.61</u>	<u>451.39</u>
FFCB							
3133EAUH9	FEDERAL FARM CR BKS CONS 0.750% Due 06-14-16	4,416.67	0.00	0.00	0.00	1,291.67	5,708.33
		<u>4,416.67</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,291.67</u>	<u>5,708.33</u>
AGENCY BULLET Total		30,256.94	0.00	0.00	-16,250.00	7,965.28	21,972.22
AGENCY CALLABLE							
FFCB							
31331KT91	FEDERAL FARM CR BKS CONS 0.730% Due 11-21-14	7,847.50	0.00	0.00	0.00	1,885.83	9,733.33
3133EA2D9	FEDERAL FARM CR BKS CONS 0.680% Due 09-26-16	151.11	0.00	0.00	0.00	1,171.11	1,322.22
		<u>7,998.61</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>3,056.94</u>	<u>11,055.56</u>
AGENCY CALLABLE Total		7,998.61	0.00	0.00	0.00	3,056.94	11,055.56
AGENCY Total		38,255.56	0.00	0.00	-16,250.00	11,022.22	33,027.78



INTEREST ACCRUALS
CITY OF CORVALLIS TOTAL
From 09-30-12 To 10-31-12

Security Symbol	Description	Beginning Accrued Interest	Purchased Interest	Sold Interest	Interest Received	Earned Interest	Ending Accrued Interest
CASH							
CASH & EQUIVALENTS							
CASH							
CASH	CASH 0.100% Due 11-01-12	0.00	0.00	0.00	0.00	0.00	0.00
CBANK3	Corvallis Wells Fargo 0.250% Due 11-01-12	0.00	0.00	0.00	-248.29	248.29	0.00
		0.00	0.00	0.00	-248.29	248.29	0.00
	CASH & EQUIVALENTS Total	0.00	0.00	0.00	-248.29	248.29	0.00
OR STATE POOL							
STATE INVESTMENT POOL							
ORPOOL	OREGON STATE POOL 0.600% Due 11-01-12	0.00	0.00	0.00	-9,837.98	9,837.98	0.00
		0.00	0.00	0.00	-9,837.98	9,837.98	0.00
	OR STATE POOL Total	0.00	0.00	0.00	-9,837.98	9,837.98	0.00
	CASH Total	0.00	0.00	0.00	-10,086.27	10,086.27	0.00
TOTAL PORTFOLIO		38,255.56	0.00	0.00	-26,336.27	21,108.49	33,027.78

City of Corvallis
Glossary of Davidson Fixed Income Management, Inc. Acronyms and Terms

Investment/Issuer Types				Other	
BA	Banker's Acceptance	FHLB	Federal Home Loan Bank	CPI	Consumer Price Index
CASH	Petty Cash	FHLMC	Federal Home Loan Mortgage Corporation	FOMC	Federal Open Market Committee
CBANK3	Wells Fargo Bank Checking	FNMA	Federal National Mortgage Association	GDP	Gross Domestic Product
CD	Certificates of Deposit	ORPOOL	Local Government Investment Pool	OSTFB	Oregon Short Term Fund Board
CP	Commercial Paper			QE	Quantitative Easing
FFCB	Federal Farm Credit Bureau			YTM	Yield to Maturity
FFCR	Federal Farm Credit Bank			TIPS	Treasury Inflation Protected Securities

* All investments are held with US Bank, the City's third-party safekeeper.

Asset Allocation Strategy: a strategy that incorporates evaluating spread relationships between the investment alternatives. Treasury securities are the baseline yields to which all other issues are compared.

Benchmark: a benchmark is a target or market level comparator using a set of securities that appropriately matches the portfolio's risk and return characteristics through interest rate cycles.

Book Value: the cost of the principal at the time of the security purchase.

Buy long: reporting program terminology meaning a security has been placed in the portfolio.

Days to Maturity: (weighted average) number of days from the report date to the maturity date of a security (or group of securities).

Duration Strategy: a strategy that provides discipline for making investment decisions based on balancing risk and return. The duration of the portfolio will be adjusted relative to the benchmark as interest rates vary. The portfolio duration will be longer than the benchmark when rates are historically high and shorter when rates are historically low. The portfolio manager will typically manage the duration in a range of +/-25% to the benchmark duration.

Investment Component (Core): portion of the portfolio that is not expected to be needed for daily needs of participants. This portion is invested in maturities between 1 month and 3 years with an average maturity target of 9 months.

Liquidity Component: portion of the portfolio that is held in short maturity investments to meet immediate liquidity needs of the Funds. Investments designated to this component are LGIP Funds and Bank deposits.

Market Value: par value time the price at which the security could theoretically have been sold at month end per Interactive Data Corp. (IDC) an independent third-party security pricing firm.

Par Value: the face value of a security. This is the value to which the coupon rate is applied for interest payments.

Purchased Accrued Interest: number of days interest between last coupon date and purchase date that is paid for at time of investment purchase.

Return: the return of the total funds will be calculated on an accrual yield basis, which is the amount paid out to participants. This return will be compared to the OST Pool rate. Additionally, a total return calculation will be calculated and tracked internally to assist management in being accountable to the risk and return of the core investment portfolio on a market value basis.

Risk: the risks associated with investing are credit risk, mark to market risk and reinvestment rate risk.

Security Types: the portfolio's call exposure will be managed through balancing callable or variable rate exposure to fixed rate maturity securities.

Sell long: reporting program terminology meaning a security in the portfolio is available to sell; typically a liquid/cash account, since the City generally holds to maturity.

Term: (weighted average) number of days from the purchase date to the maturity date of a security (or group of securities).

Yield Curve Strategy: the portfolio will be generally laddered, but the manager will implement a yield curve strategy when value is present in particular maturity sectors.

**City of Corvallis
Cash Flow Summary
October 2012**

	Receipts (1)	Disbursements (2)	Net
Actual Activity	6,300,780	7,633,643	(1,332,863)
Projected Activity	6,426,687	8,119,861	(1,693,174)
Difference	(125,907)	(486,218)	360,311

(1) Receipts include deposits and interest received.

Receipts are slightly less than budget mostly due to State Grants not yet received in October. Most grants are disbursed on a reimbursement basis, so receipt of grant dollars is dependent upon the submission of the reimbursement request. Most notably, a large reimbursement was originally anticipated to be received in October related to the Corvallis to Albany Trail project, but is currently pending a final design decision by the Oregon Department of Transportation (ODOT), and construction is delayed until the spring of 2013.

(2) Disbursements include vendor payments, payroll costs, and all other operating expenditures made by check and wire or electronic transfer.

Disbursements are also lower than budget mostly due to the area of General Services. General Services are significantly lower than what was cash flowed due to the carry over of several capital projects from last fiscal year which have either not yet commenced, or were completed last year despite projections to the contrary. For example, significant expenditures were projected in October for the Fire Department Facilities Relocation. Though work is underway, subsequent phases are awaiting a proposal to City Council of a new funding strategy. Additionally, nothing has been expended year-to-date for the Corvallis to Albany Trail referenced above.

Intrafund and interfund transfers, and investment purchases and maturities are movements between cash in different accounting funds or investment securities. The net effect on cash is zero, therefore they are not included.

City of Corvallis
Monthly Revenue Allocations
Distributed in October 2012

Fund	Fund Name	Month's Avg Cash Balance	Interest Distributed	Fund	Fund Name	Month's Avg Cash Balance	Interest Distributed
101	General	(587,882.46)	(211.39)	460	Davidson Library	5,959.26	3.53
201	Street	643,234.25	358.48	501	Water	2,378,349.02	1,260.38
208	Street SDC	2,298,559.82	1,365.80	502	Water Timber	292,928.50	169.73
210	Parks & Recreation	326,802.49	262.10	508	Water SDC	4,611,307.14	2,743.31
211	Parks & Recreation - Aquatics	(9,235.66)	14.32	509	Water Construction	27,941.98	24.90
212	Open Space	94,504.94	56.34	520	Wastewater	3,137,236.28	1,853.26
218	Parks SDC	2,115,778.98	1,250.87	528	Wastewater SDC	8,585,184.09	63.37
220	911	676,013.08	366.82	529	Wastewater Construction	34,352.27	5,085.87
230	Development Services	1,382,806.46	824.66	540	Storm Water	1,627,336.07	967.57
240	Fire & Rescue	(1,469,793.90)	(729.68)	548	Storm Water SDC	72,108.21	42.46
250	Comm Dev Revolving	(23,507.13)	(23.22)	549	Storm Water Construction	(163,328.47)	(95.38)
260	Parking	1,051,892.42	625.54	560	Airport	583,373.22	352.53
270	Transit	265,442.75	259.89	569	Airport Construction	-	-
290	Library	(374,199.57)	(122.69)	610	Fleet Maintenance	68,687.49	41.54
291	Library 2010	435,155.38	259.50	615	Facility Maintenance	189,519.40	107.37
301	Capital Improvement	1,517,068.60	943.29	620	Technology & Communications	577,075.43	334.65
401	General Obligation Debt Service	11,665.41	6.91	625	Administrative Services	318,871.06	172.71
				630	Risk Management	931,463.82	556.22
				Total		31,632,670.63	19,191.56

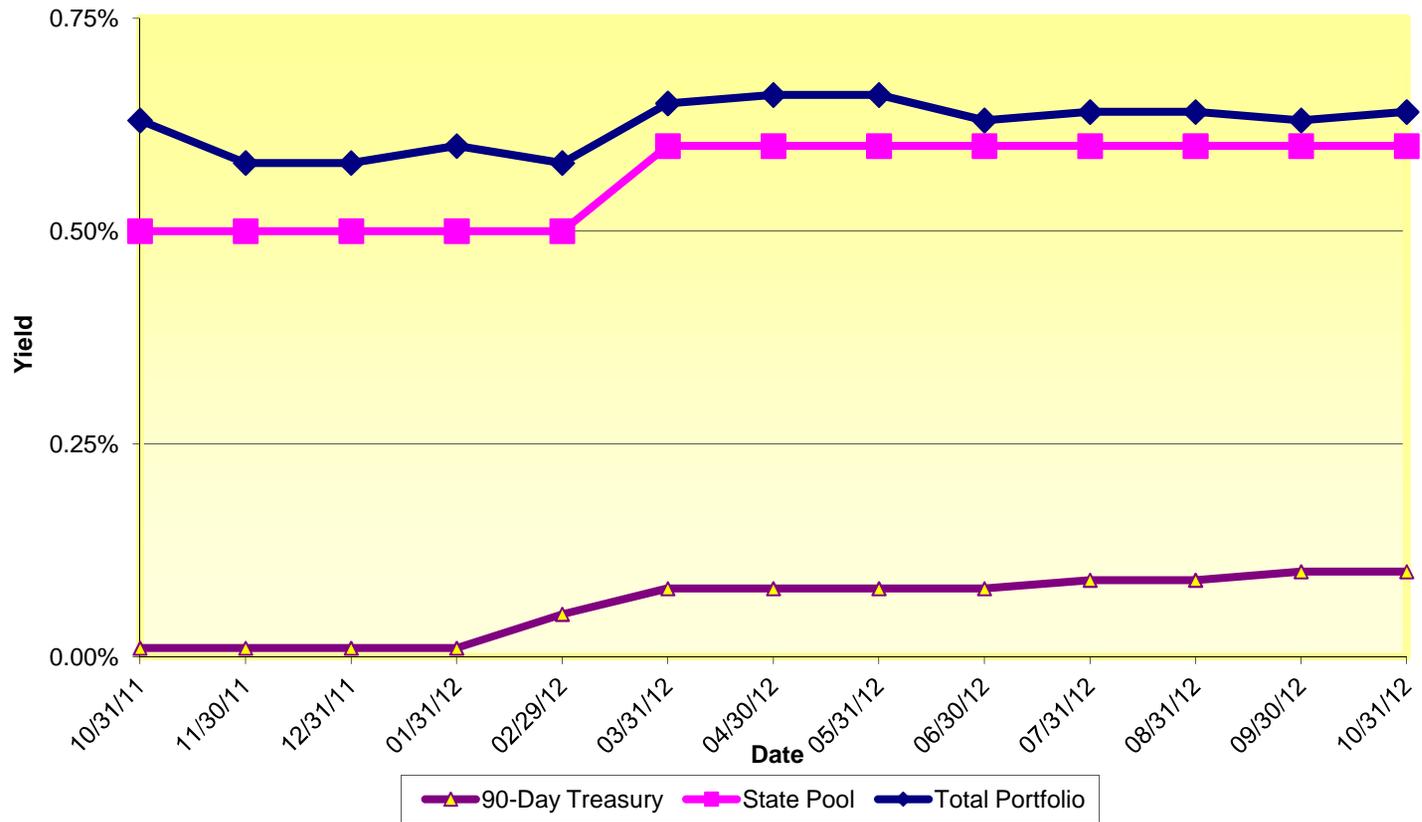
Accrual accounting on investments was implemented in August 2011. The interest distributed will equal the monthly interest income accrual, net of any amortization or accretion on a premium/discount paid on an investment; this is also net of the previous fiscal year's GASB 31 Fair Value Adjustment reversal.

The distribution is based on the average cash balance for the period in which interest is earned.

The interest distributed to sub-funds 509, 529, 549, & 569 is distributed to the operations fund.



City of Corvallis Total Portfolio vs. Benchmark October 2011 - October 2012

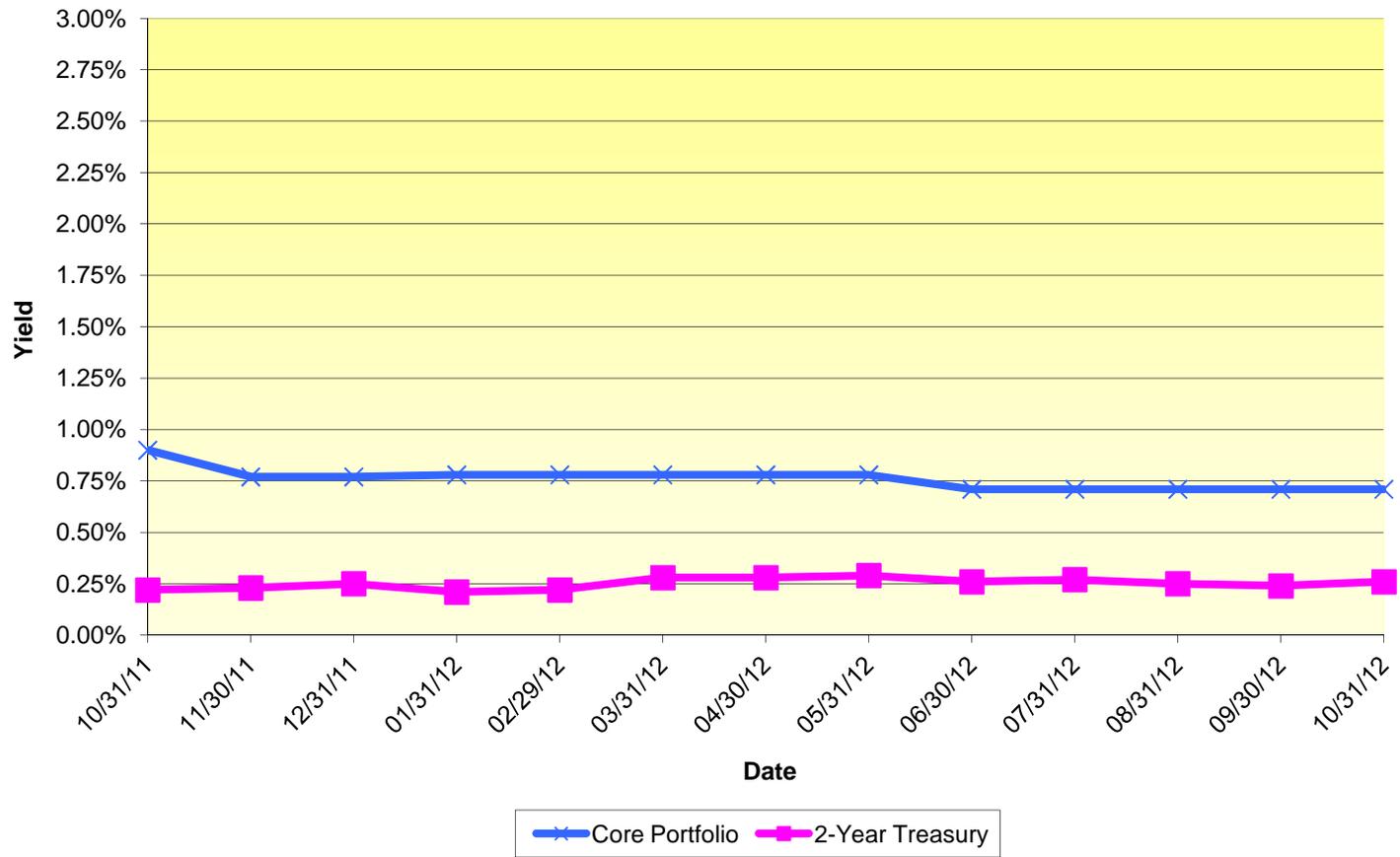




City of Corvallis

Core Portfolio vs. Benchmark

October 2011- October 2012





City of Corvallis Cash & Investments

